



STATE BOARD OF EQUALIZATION

ASSESSMENT STANDARDS DIVISION  
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Executive Director

August 31, 1994

No. 94/53

TO COUNTY ASSESSORS:

HISTORICAL PROPERTIES ASSESSED UNDER SECTIONS  
439, 439.1, 439.2, 439.3, AND 439.4 OF THE  
REVENUE AND TAXATION CODE  
INTEREST COMPONENT - 1995 LIEN DATE

Historical property assessed under provisions of Revenue and Taxation Code Sections 439 through 439.4 is subject to valuation by the capitalization of income method in a specified manner.

In accordance with Section 439.2, Revenue and Taxation Code, the Board is required to announce the interest component which is equal to the effective rate on conventional mortgages as determined by the Federal Home Loan Bank Board. This effective rate, when rounded to the nearest quarter percent, is to be used as the interest component of the capitalization rate in the valuation of properties subject to Historical Property Contracts for the 1995 lien date.

The interest rate compilation duties formerly handled by the Federal Home Loan Bank Board are now carried out by the Federal Housing Finance Board. Information from the Federal Housing Finance Board indicates that the latest effective rate was 7.68 percent. When rounded to the nearest one-quarter percent, the interest component is 7.75 percent.

Sincerely,

John W. Hagerty  
Deputy Director  
Property Taxes Department

JWH/grs